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FEBRUARY 22, 1965

PRESIDENT JOHNSON'S AGRICULTURAL MESSAGE

FOREIGN MARKET FOR FRUIT

EEC NOW APPLYING NEW DAIRY POLICY

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

FEBRUARY 22, 1965
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Indian workmen passing rock up scaffolding at construction of Durgapur Barrage, in country's Damodar Valley. Photo was supplied by the World Bank. Others showing how the face of India is changing appear on page 9.

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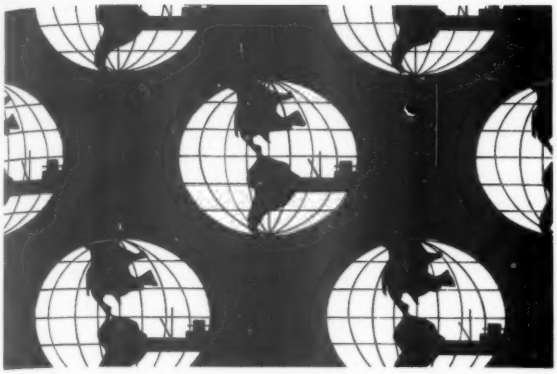

President Johnson on

Agricultural Trade and Food as a Weapon for Peace

The following remarks on our foreign agricultural trade and the Food for Peace Program were part of President Johnson's Agricultural Message to Congress on February 4.

The welfare of American agriculture is closely linked to foreign trade. Our 1968 goal of $6 billion farm product exports was reached in 1964. American farmers last year accounted for one-fourth of U.S. merchandise exports.

These exports have strengthened farm prices, brought additional business income, reduced our surpluses and storage costs, and have helped our international balance-of-payments. Abroad, they have contributed to political stability and economic progress.

We are not content with the gains we have made in world markets. We expect to make additional gains by improving the means by which we can be competitive in price, in quality, in service to our customers. We will merchandise our products actively, but with full regard to rules of commercial conduct between friendly nations.

In the trade negotiations under way in Geneva, we shall make every effort to achieve liberalization in agricultural as well as industrial products.

The Food for Peace Program is good international policy and it is sound economic policy. Food is a powerful weapon for peace. People who are hungry are weak allies of freedom. Men with empty stomachs do not reason together.

We broadened the Food for Peace Program last year and are continuing to study ways to broaden it further. Food shipments under this program help to expand it by building food habits which increase the demand for United States products. As the economies of recipient countries are strengthened through American aid, we are able to shift from outright grants of food to concessional sales for foreign currencies and later to sales for dollars.

Foreign currencies accruing from the sales of commodities under the Food for Peace Program have also provided funds for a worldwide market development program, which has played a significant role in bringing about the dramatic increases in commercial farm exports.

This same program has also strengthened growing economies, contributed to rising standards of living, promoted international stability, and literally saved lives in many less developed countries. Our agricultural resources are thus making a significant contribution to the prospects for peace in the world.

These contributions must continue. They will be increasingly directed toward assisting agricultural development in less developed, densely populated countries, thus fostering overall economic growth, higher living standards, and better nutrition. The disturbing downward trends in food output per person in both Asia and Latin America in recent years must be reversed. And these trends can be arrested and reversed only by a massive mobilization of resources in both the food-deficit countries and the advanced countries of the industrial West.

As I pointed out in my message on Foreign Aid, we must use both our agricultural abundance and our technical skills in agriculture to assist the developing nations to stand on their own feet. Under our assistance programs we will make full use of the agricultural know-how in the Department of Agriculture and in the land-grant colleges and State universities. We will enlist the support and cooperation of private agencies and enterprises of all kinds.

To make this food aid most effective, we plan to gear our Food for Peace programs more specifically to the needs of recipient countries and their economic development programs. We may need more flexiblity to assure proper nutritional balance in these programs, particularly as they relate to child feeding.

I am asking the Secretary of Agriculture and others concerned to study and recommend changes in agricultural policy that may be needed to accomplish these goals.

EEC Now Applying Common Dairy Regulations

By ROLLAND E. ANDERSON
Dairy and Poultry Division
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The European Economic Community's Common Agricultural Policy (CAP) for dairy products, which came into force last November 1, will enter its first complete milk marketing year this coming April 1. The new policy has three primary objectives: Raising farmer income through higher prices, stabilizing producer prices, and establishing free trade in dairy products within the Community.

In principle, the policy has a fairly simple framework. Target producer prices are set for milk by each Member State, and variable import levies and export subsidies are used to protect these domestic prices against competition from outside the Community.

Setting up the new market organization has been an extremely complicated matter, however, and its operation is likely to be complicated also, if only from the fact that so many different products are involved. To be governed by the dairy regulations are milk and cream—fresh, preserved, concentrated, or sweetened; butter; cheese and curd; lactose; and dairy products used in animal feeds.

Timetable of the new CAP

The basic EEC regulation providing for the dairy market organization was adopted by the Common Market countries nearly a year ago, on February 28, 1964; the system of levies, prices, and interventions that make the regulation operative took another 8 months to frame; and separate trading regulations on fresh milk and cream still are to be drawn up before July 1 this year.

After a transition period ending December 31, 1969, there will be no direct internal support for EEC dairy prices. Two sources of indirect support will, however, remain. One is subsidies on exports to non-EEC countries, which will allow dairy surpluses to be removed from the internal market. The other is the variable import levy system, which will constitute an effective barrier to imports from nonmember countries. These two instruments will combine to limit the supply of dairy products available for marketing within the Community and thereby act as an indirect price support program.

Target and reference prices

Foundation for the Dairy CAP's price structure is the target price for milk. During the transition period, each Member country will fix its own target price—which is the price it will attempt to pay its producers as a whole during the milk marketing year for total sales of fresh milk containing 3.7 percent butterfat. Before the end of the transition, Member States will move their target prices into line with the common target price (still to be announced). This price will be the market price for the entire Community; and the level at which it is placed will determine the effect that the Dairy CAP will have upon international trade in dairy products.

For the 1964-65 milk marketing year, the upper and lower limits of the national target prices were set by the EEC Council of Ministers at $4.76 and $3.61 per 100 pounds. The national target prices themselves, as fixed by the countries within these limits, are shown in the following tabulation, together with preliminary figures on each country's milk production in 1964 and its share of the Community's total output:

Country	National target prices for milk	1964 milk production[1]	
		Quantity	Percent of total
	Dol. per 100 lb.	*Mil. lb.*	*Percent*
Italy	4.54	20,245	13.9
Luxembourg	4.49	405	.3
Germany, West	4.27	45,900	31.5
Belgium	4.19	8,540	5.9
Netherlands	3.88	14,865	10.2
France	3.62	55,735	38.2
Total	---	145,690	100.0

[1] Preliminary.

Next step in the pricing system was the fixing of reference prices, representing the internal market prices that prevailed in the Community before the Dairy CAP entered into force. These prices depend on a number of other elements in the system, and a number of problems appeared in establishing them for the many individual dairy products. For this reason, milk products were divided into 13 groups: 1 group for whey powder, 2 for milk powder, 2 for condensed milk, 7 for cheese, and 1 for lactose. Each group consists of a pilot product, considered representative of the other products in the group, and a number of assimilated products with comparable characteristics. Not included in any of the 13 groups are butter, Cheddar cheese, and Tilsit cheese.

For each of the 13 pilot products and for butter, Cheddar cheese, and Tilsit—but not for the assimilated products—a reference price was set in each Member State, reflecting the average price, f.o.b. factory, paid by the wholesale trade to processors during 1963. This price was adjusted by a sum representing transportation costs from factory to wholesale stage and amounting to 0.23 cent per pound for Belgium, Luxembourg, and the Netherlands and 0.45 cent for the other Member States.

The prices thus arrived at gave a fair reflection of how the various price support measures applied in each Member State in 1963 affected the dairy products concerned. In addition, however, allowance was made for any changes since 1963 in the national target prices and in the amounts of any dairy subsidies. Because of the economic union between Belgium and Luxembourg to create a single market for all dairy products except butter and condensed milk, reference prices in Luxembourg were adjusted to the Belgian level.

Minimum import prices

On the basis of these reference prices, each of the Community's Member States proceeded to establish threshold (minimum import) prices for the same products. They will do so again before March 15 in each year of the transition period. For the current dairy marketing year (which ends Mar. 31), the threshold prices are identical with the reference prices, except for certain changes to be explained.

First, to create a Community preference, the threshold price is increased by a standard amount in computing levies to countries outside of EEC and reduced by the

same amount in computing intra-Community levies. This amount, uniform for all Member States, is determined annually, taking account of dairy-product availabilities within the Community. It is intended to be large enough to insure gradual and orderly development towards a unified market among the Member States during the transition period—but not so large as to provoke a sudden and considerable diversion of trade currents. If intra-Community trade during the marketing year does not develop in the way envisaged, the standard amounts will be revised and the threshold prices revised accordingly.

For 1964-65, the standard amounts are as follows, in cents per pound: Whey powder, 0.34; skim milk powder, 0.57; condensed milk without sugar, 0.68; with sugar, 0.91; whole milk powder, 0.91; milk sugar (lactose), 0.57; butter, 2.27; cheese, 1.13.

Second—for butter only—this standard amount may be raised, to as much as 3.4 cents, provided that the importing Member country is intervening on its markets to support prices at a level more than 2.27 cents below the reference price. Thus, the difference between the threshold price and the intervention price could amount to 6.8 cents per pound, namely 3.4 cents on each side of the reference price. This possible difference will be gradually reduced during the transition period.

EEC THRESHOLD PRICES,[1] MARKETING YEAR 1964-65

No.	Product	Germany	France	Netherlands	Belgium-Luxembourg
	PILOT PRODUCTS	*Cents per pound*	*Cents per pound*	*Cents per pound*	*Cents per pound*
1.	Whey powder	8.05	9.87	7.40	8.04
2,3.	Milk powder:				
	Whole	34.93	39.87	27.88	30.81
	Skimmed	13.95	19.54	15.06	16.52
4,5.	Condensed milk:				
	Without sugar	16.90	24.37	20.34	21.01
	With sugar	35.49	31.82	24.35	35.83
6-12.	Condensed milk:				
	Gorgonzola (Blue Mold)	48.31	54.25	55.32	48.41
	Parmigiano Reggiano	66.91	67.39	67.29	66.87
	Emmenthal	48.88	50.25	48.89	49.89
	Gouda	[2]36.17	49.07	34.40	44.04
	St. Paulin (butter)	40.82	49.54	41.21	46.95
	Camembert (Herve)	48.20	52.22	51.79	47.10
	Cottage (curd)	77.11	66.56	64.64	64.47
13.	Milk sugar (lactose)	16.67	20.46	15.31	15.58
	OTHER				
	Butter, sour cream	[2]81.99	[2]83.37	[3]59.75	94.26
	Cheddar cheese	36.86	34.84	30.88	34.58
	Tilsit cheese	37.31	49.07	34.40	43.11
	Skimmed milk powder (for animal feeding)	----	----	14.26	----

[1] Italy's threshold prices not yet available. [2] Price increased by additional 2 percent. [3] Price increased by additional 2.27 cents per pound.

For other products having a threshold price, Member States may also request authority to raise the standard amount, but by no more than 2 percent of its reference price. It is under this provision that West Germany has been authorized to increase the threshold price for Gouda cheese by 2 percent. Also, Belgium and Luxembourg have been authorized to increase the threshold price of some dairy products and thus meet the difficulties arising from Belgium's pre-CAP policy of seasonal differentiation in the prices of these items.

As regards cheeses of the Emmenthal, Gruyere, and Sbrinz types, a duty of 6.8 cents per pound has been bound in GATT in conjunction with a minimum offer price of 43.1 cents per pound; for Cheddar cheese, the duty has been bound at 23 percent ad valorem based on a minimum offer price of 28.1 cents per pound. For these products, therefore, the threshold price may not be higher than the minimum offer price increased by the duty, for example 48.9 cents and 34.6 cents per pound respectively.

The threshold prices are to be gradually alined so that eventually a common threshold price will be achieved. This price will include an additional amount to protect the dairy processing industry in the Community.

Import levies, export subsidies

The variable import levy for dairy products works like that in effect in the Community for a number of other commodities. No dairy product can enter the Community at a price below the threshold price; all lower prices are raised to this level by means of the levy. The levy for each product is based on the difference between the importing Member State's threshold price and the price free-at-border. Free-at-border prices for imports from nonmember countries are determined every week on the basis of the most favorable purchase possibilities in international trade. For imports from Member States, the free-at-border prices are determined every 2 weeks, on the basis of the wholesale prices at which producers in the exporting Member State sell their products.

In the week of December 21, 1964, for example, free-at-border prices for nonmember countries were as follows:

	Cents per pound
1. Whey powder	6.80
2. Whole milk powder	24.38
3. Skimmed milk powder	13.61
4. Condensed milk without sugar	13.78
5. Condensed milk with sugar	15.66
6. Gorgonzola	43.18 (44.09)
7. Parmigiano Reggiano	46.72
8. Emmenthal	37.42 (38.33)
9. Gouda	24.04 (24.95)
10. St. Paulin	31.05 (31.96)
11. Camembert	36.29 (37.19)
12. Cottage (curd)	47.85 (48.76)
13. Milk sugar (lactose)	12.53
Butter, sour cream	44.50 (45.41)
Butter, sweet cream	43.75
Cheddar cheese	23.04
Tilsit	28.12 (29.03)

These prices were applicable in all Member States, except for those in brackets, which were applicable in Italy.

In calculating the levies, the same product-group system is used as in fixing reference and threshold prices. The levy is determined only for the pilot product of each group; levies for the assimilated products are equal to this or derived from it. Separate levies are determined for the three nongroup products, butter, Cheddar cheese and Tilsit cheese. On imports from third countries of Emmenthal, Gruyere, Sbrinz, Schabzieger, and Cheddar cheese, the levy is to be equal to an amount that would result from the application of ad valorem charges consolidated within the framework of the General Agreement on Tariffs and Trade.

In determining the levy, account is taken of the incidence of domestic import taxes (including turnover tax) and of a standard or lump sum designed to afford certain preference to other Member States. In intra-Community trade the levies will gradually be reduced in line with the approximation of the threshold prices and will disappear by the end of the transitional period.

In addition to all these measures, import certificates are required for fresh milk and cream and butter from third countries and, during the transitional period, from all Member States. If imports appeared likely to threaten price levels within the Community, certificates would not be issued.

To make the Dairy CAP operative by protecting domestic prices and income goals, export subsidies will be used. The entire levy previously collected on imports from third countries may be used by a Member State to subsidize its exports of the same products outside the Community.

In intra-Community trade, a Member State that is entitled to apply a levy on imports of another Member State may, when exporting to that Member State, grant a refund (subsidy). Such a refund or subsidy corresponds to the difference between the free-at-border price of the exporting Member State and the threshold price of the importing Member State.

Implications inside EEC

The effect of the Dairy CAP will largely depend on the level of the targets fixed for producer prices. Milk prices in the EEC countries are already high in comparison with those in major exporting countries outside the Community. Even if prices do not rise much above their present levels, the area has a great potential for increased milk production through improved dairy husbandry, especially in France.

If the final common target price—probably due to be fixed later this year—is near the upper limit set by the Council, this will in all probability stimulate production in France, the biggest producer. At present, France and the Netherlands, with the lowest target prices, account for nearly half the EEC milk output.

The existence of a high common target price as a goal for the national prices to aim at might tend to limit consumption, which in any case is not expected to increase rapidly. Since consumption of edible fat is already high in most EEC countries, the commodity most likely to be affected is butter. The Netherlands, which is the largest EEC exporter, may find its markets within the Community progressively reduced as domestic production in other member countries continues to grow. The problem it will face is the same as France's—that of finding additional export markets for its dairy products, particularly butter, outside the Community.

Implications for world trade

The development of the supply and demand situation within the Community will have a strong impact also on third countries. Since the levy system under the Dairy CAP insulates the EEC area from outside competition and the levies imposed can be used to subsidize some types of surplus disposal, the level of the target prices decided on in the Community will be of major concern to traditional nonmember exporting countries.

For U.S.-EEC trade in dairy products, however, the impact of the Dairy CAP as presently constituted is not expected to substantially alter the pattern of the past several years. Normally, the United States is not a large exporter of dairy products to the EEC. We have at various times made sizable shipments to certain Member States, but almost always during periods when their milk production was down or when supplies of dairy products from traditional sources were not available. U.S. trade will in all probability continue this pattern of bridging any gaps that may occur between local production, traditional external supply sources, and total requirements.

Brazil's Wheat Imports Mount But Prices Climb Too

Wheat purchases by CACEX, the Foreign Trade Department of the Bank of Brazil, during the second half of 1964 amounted to over 1.5 million metric tons compared with 921,000 tons imported during the same period in 1963. The apparent purpose was to completely fill the marketing channels for wheat and put an end to the recurring shortages which have plagued millers, bakers, and consumers alike.

CACEX's action, however, coincided with a sharp increase in the price of wheat brought about by the Ministry of Agriculture Portaria in November of last year. By requiring payment for wheat imports at the bank rate of exchange rather than at an artificial low rate, the subsidy that imported wheat had enjoyed for years was removed. Mills were immediately faced with the need to pay 39 percent more for wheat out of income earned selling flour at the subsidized prices.

Many mills were unable to do this and appealed to the government for help. In addition, consumer resistance to the new prices of flour and flour products caused consumption to drop. According to one report, consumption of pasta products in São Paulo has fallen 25 percent as a result of the price increase and the fact that rice, a competitor in the diet, became relatively cheaper.

The difficulty experienced by the mills and the drop in consumption caused wheat to pile up in storage as well as at the mills. The situation was further aggravated by the extremely heavy shipping schedule set up by CACEX. During November alone, 300,000 metric tons of wheat were shipped to Brazilian ports, followed by 158,000 tons in December. The result was a long delay in unloading the ships, particularly in Santos.

The Bank of Brazil has attempted to help the mills by granting them credit for the purchase of wheat. The mills, on their part, consider that they are doing the government a favor by accepting the wheat and say that they are providing free storage for the government.

The marketing situation for the mills has been complicated by the federal requirement that half of the wheat flour sold be mixed with 9 percent of manioc flour. Both pure and mixed flour are sold at controlled prices but only the prices of bread and pastas made with mixed flour are controlled. The fixed prices are said to be below the cost of production for the mills.

The ultimate effect of this on Brazil's wheat consumption is not clear. On the one hand, mills now have all the wheat they want, so periodic shortages will not reduce consumption. On the other hand, the new high prices of wheat tend to lower it.

—JEROME M. KUHL
U.S. Agricultural Attaché, Rio de Janeiro

The Foreign Market for U.S. FRESH and PROCESSED FRUITS

The overall production of U.S. fresh and processed fruits in 1964-65 is the largest in several seasons. With prices generally lower than those of a year ago, exports should show some improvement; for the past 3 seasons, they have been at record levels.

Export performance during the forepart of 1964-65 has been good; however, heavy home supplies in some of this country's major European markets, coupled with lower prices in competing areas, have tempered export gains.

For the latter half of the marketing year, there are promising signs that exports may pick up momentum. Recent readjustments in U.S. prices and somewhat stronger foreign price levels for some items should prompt greater activity than was evident during the first half of the marketing year for a number of our major export items.

Three items—apples, pears, and grapes—normally account for the bulk of export activity in the fresh deciduous group. Western Europe is the largest U.S. market for both apples and pears, whereas Canada is by far the best customer for fresh grapes.

More apples for export

Despite a near-record crop in Western Europe, the United States had a surprisingly good export of *apples* last season, shipping out a grand total of 4.4 million bushels. Abnormally low prices in certain producing areas during the late fall and early winter months of 1963-64 were largely responsible for this country's favorable showing.

A continuation of last season's export performance would be a welcome assist to the disposition of the 1964 apple harvest. The commercial apple crop for 1964, at 140 million bushels, was about 15 million bushels larger than the 1963 harvest and the largest since 1937. Thus far, export movement has been encouraging, with shipments during July-November 1964 about one-fourth larger than in the comparable period of 1963. Whether this favorable pace can be sustained for the balance of the marketing season is problematical for several reasons.

Although the 1964 apple crop in Western Europe is, in total, slightly below that of the preceding year, the "down" lies mostly in West Germany—normally the second largest apple producer in Europe. All of the other major producing countries have large crops. Italy—Europe's leading producer and supplier—has had its seventh record crop in a row, and France—third largest European producer—has a crop only slightly below last year's record. Our best customer in Europe, the United Kingdom, has a bumper crop of dessert and cooking apples.

If the marketing of these large crops extends significantly into the early months of 1965, U.S. participation in the European market will be impaired. Traditionally, access to West European markets has been sharply limited prior to the first of January, when home marketings are at a seasonal high. Hence, January and February are the most critical to our penetration of that area. Fragmentary reports suggest that movement of the home crops was quite good during November and December.

Another key determinant of U.S. participation in the European market this winter is price. A price level no higher than that of a year ago would sustain this country's chances to compete effectively with Argentina, principal Southern Hemisphere supplier to Europe during the early winter months. The first official estimate indicates that the Argentine crop will be about 18 percent larger than last year's below-average harvest, suggesting that the competitive situation may be somewhat more intense this year.

Pear exports up, grapes unchanged

U.S. exports of *fresh pears* in the first 5 months (July-November) of the current season are nearly 50 percent ahead of those in the same period a year ago and only slightly below the grand total of 774,000 boxes in 1963-64, when the U. S. crop was well below average. The volume moving to Canada is about two and one-half times larger than that of a year earlier and shipments to Western Europe, particularly to the United Kingdom and Norway, are moderately above those of last season. Total exports for 1964-65 will, without question, exceed last season's, but it is doubtful that the very favorable level of 1.4 million boxes experienced in both 1962-63 and 1961-62 will be achieved.

Fresh grape exports through November of the current marketing year closely approximate the 82,000 tons of a year ago. Canada normally takes about three-fourths of the export volume annually. At least 80 percent of the U.S. grape shipments are completed by the end of November of each season.

Slow export demand for canned fruit

Within the fresh and processed fruit family, canned fruits, from the standpoint of dollar earnings, have shown the largest export growth over the past decade. In 1962, export earnings from this group attained an alltime high of $79 million, nearly four times the amount for only 10 years earlier. Three items—canned peaches, fruit cocktail, and pineapple—dominate this group, consistently accounting for at least 90 percent of the total export volume.

This season, both *canned peaches* and *canned fruit cocktail* are in a record supply position. The 1964 pack of canned peaches was 4.5 million cases (basis 24 No. 2½ cans) above that of the preceding year, and canned fruit cocktail was up about 3.6 million cases.

With these heavy supplies, it might be expected that exports would respond favorably. However, the performance in exports to date has been disappointing, even though prices have been generally lower than those of a year ago. For the first 6 months of the current season, exports of canned peaches are lagging slightly behind last season's and are approximately 1 million cases below those in the comparable period of 1962-63, when shipments established a new high. Exports of canned fruit cocktail thus far are only slightly ahead of those in 1963-64.

Prepared in the Fruit and Vegetable Division of the Foreign Agricultural Service.

In addition to all these measures, import certificates are required for fresh milk and cream and butter from third countries and, during the transitional period, from all Member States. If imports appeared likely to threaten price levels within the Community, certificates would not be issued.

To make the Dairy CAP operative by protecting domestic prices and income goals, export subsidies will be used. The entire levy previously collected on imports from third countries may be used by a Member State to subsidize its exports of the same products outside the Community.

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Brazil's Wheat Imports Mount But Prices Climb Too

Wheat purchases by CACEX, the Foreign Trade Department of the Bank of Brazil, during the second half of 1964 amounted to over 1.5 million metric tons compared with 921,000 tons imported during the same period in 1963. The apparent purpose was to completely fill the marketing channels for wheat and put an end to the recurring shortages which have plagued millers, bakers, and consumers alike.

CACEX's action, however, coincided with a sharp increase in the price of wheat brought about by the Ministry of Agriculture Portaria in November of last year. By requiring payment for wheat imports at the bank rate of exchange rather than at an artificial low rate, the subsidy that imported wheat had enjoyed for years was removed. Mills were immediately faced with the need to pay 39 percent more for wheat out of income earned selling flour at the subsidized prices.

Many mills were unable to do this and appealed to the government for help. In addition, consumer resistance to the new prices of flour and flour products caused consumption to drop. According to one report, consumption of pasta products in São Paulo has fallen 25 percent as a result of the price increase and the fact that rice, a competitor in the diet, became relatively cheaper.

The difficulty experienced by the mills and the drop in consumption caused wheat to pile up in storage as well as at the mills. The situation was further aggravated by the extremely heavy shipping schedule set up by CACEX. During November alone, 300,000 metric tons of wheat were shipped to Brazilian ports, followed by 158,000 tons in December. The result was a long delay in unloading the ships, particularly in Santos.

The Bank of Brazil has attempted to help the mills by granting them credit for the purchase of wheat. The mills, on their part, consider that they are doing the government a favor by accepting the wheat and say that they are providing free storage for the government.

The marketing situation for the mills has been complicated by the federal requirement that half of the wheat flour sold be mixed with 9 percent of manioc flour. Both pure and mixed flour are sold at controlled prices but only the prices of bread and pastas made with mixed flour are controlled. The fixed prices are said to be below the cost of production for the mills.

The ultimate effect of this on Brazil's wheat consumption is not clear. On the one hand, mills now have all the wheat they want, so periodic shortages will not reduce consumption. On the other hand, the new high prices of wheat tend to lower it.

—JEROME M. KUHL

U.S. Agricultural Attaché, Rio de Janeiro

The Foreign Market for U.S. FRESH and PROCESSED FRUITS

The overall production of U.S. fresh and processed fruits in 1964-65 is the largest in several seasons. With prices generally lower than those of a year ago, exports should show some improvement; for the past 3 seasons, they have been at record levels.

Export performance during the forepart of 1964-65 has been good; however, heavy home supplies in some of this country's major European markets, coupled with lower prices in competing areas, have tempered export gains.

For the latter half of the marketing year, there are promising signs that exports may pick up momentum. Recent readjustments in U.S. prices and somewhat stronger foreign price levels for some items should prompt greater activity than was evident during the first half of the marketing year for a number of our major export items.

Three items—apples, pears, and grapes—normally account for the bulk of export activity in the fresh deciduous group. Western Europe is the largest U.S. market for both apples and pears, whereas Canada is by far the best customer for fresh grapes.

More apples for export

Despite a near-record crop in Western Europe, the United States had a surprisingly good export of *apples* last season, shipping out a grand total of 4.4 million bushels. Abnormally low prices in certain producing areas during the late fall and early winter months of 1963-64 were largely responsible for this country's favorable showing.

A continuation of last season's export performance would be a welcome assist to the disposition of the 1964 apple harvest. The commercial apple crop for 1964, at 140 million bushels, was about 15 million bushels larger than the 1963 harvest and the largest since 1937. Thus far, export movement has been encouraging, with shipments during July-November 1964 about one-fourth larger than in the comparable period of 1963. Whether this favorable pace can be sustained for the balance of the marketing season is problematical for several reasons.

Although the 1964 apple crop in Western Europe is, in total, slightly below that of the preceding year, the "down" lies mostly in West Germany—normally the second largest apple producer in Europe. All of the other major producing countries have large crops. Italy—Europe's leading producer and supplier—has had its seventh record crop in a row, and France—third largest European producer—has a crop only slightly below last year's record. Our best customer in Europe, the United Kingdom, has a bumper crop of dessert and cooking apples.

If the marketing of these large crops extends significantly into the early months of 1965, U.S. participation in the European market will be impaired. Traditionally, access to West European markets has been sharply limited prior to the first of January, when home marketings are at a seasonal high. Hence, January and February are the most critical to our penetration of that area. Fragmentary reports suggest that movement of the home crops was quite good during November and December.

Another key determinant of U.S. participation in the European market this winter is price. A price level no higher than that of a year ago would sustain this country's chances to compete effectively with Argentina, principal Southern Hemisphere supplier to Europe during the early winter months. The first official estimate indicates that the Argentine crop will be about 18 percent larger than last year's below-average harvest, suggesting that the competitive situation may be somewhat more intense this year.

Pear exports up, grapes unchanged

U.S. exports of *fresh pears* in the first 5 months (July-November) of the current season are nearly 50 percent ahead of those in the same period a year ago and only slightly below the grand total of 774,000 boxes in 1963-64, when the U. S. crop was well below average. The volume moving to Canada is about two and one-half times larger than that of a year earlier and shipments to Western Europe, particularly to the United Kingdom and Norway, are moderately above those of last season. Total exports for 1964-65 will, without question, exceed last season's, but it is doubtful that the very favorable level of 1.4 million boxes experienced in both 1962-63 and 1961-62 will be achieved.

Fresh grape exports through November of the current marketing year closely approximate the 82,000 tons of a year ago. Canada normally takes about three-fourths of the export volume annually. At least 80 percent of the U.S. grape shipments are completed by the end of November of each season.

Slow export demand for canned fruit

Within the fresh and processed fruit family, canned fruits, from the standpoint of dollar earnings, have shown the largest export growth over the past decade. In 1962, export earnings from this group attained an alltime high of $79 million, nearly four times the amount for only 10 years earlier. Three items—canned peaches, fruit cocktail, and pineapple—dominate this group, consistently accounting for at least 90 percent of the total export volume.

This season, both *canned peaches* and *canned fruit cocktail* are in a record supply position. The 1964 pack of canned peaches was 4.5 million cases (basis 24 No. 2½ cans) above that of the preceding year, and canned fruit cocktail was up about 3.6 million cases.

With these heavy supplies, it might be expected that exports would respond favorably. However, the performance in exports to date has been disappointing, even though prices have been generally lower than those of a year ago. For the first 6 months of the current season, exports of canned peaches are lagging slightly behind last season's and are approximately 1 million cases below those in the comparable period of 1962-63, when shipments established a new high. Exports of canned fruit cocktail thus far are only slightly ahead of those in 1963-64.

Prepared in the Fruit and Vegetable Division of the Foreign Agricultural Service.

One reason for the lack of export response for these two items is the common knowledge that the United States is in a large supply position, which has undoubtedly prompted some of the U.S. foreign markets to adopt a "wait and see" attitude with respect to price. Another is that inventories carried over into the new marketing year reportedly have been quite heavy, especially in the United Kingdom —a big U.S. market for peaches and fruit cocktail.

The large inventory in the United Kingdom, particularly of canned peaches, reflects that country's record imports—5.5 million cases—during 1963-64. This marked an increase of 850,000 cases over the preceding season.

Canned fruit exports to U.K. down in 1963-64

Paradoxically, the United States was not a participant in this growth, its share of the British market taking a dramatic plunge, to 7 percent from a former level of at least 25 percent, because of relatively high U.S. prices. Main beneficiary of the increased British import was South Africa, which accounted for about 62 percent of the total market in 1963-64.

Recently, U.S. prices at the f.o.b. cannery level were reduced for both canned peaches and fruit cocktail—a move which theoretically should stimulate further export gains. The magnitude of such gains, however, will likely depend upon the price levels, expected to be announced shortly, for the new packs from the important Southern Hemisphere suppliers, South Africa and Australia. Should these prices be established at levels no lower than last year's, then U.S. exports for the 1964-65 season could still register a moderate increase over 1963-64. That year, 4.7 million cases of canned peaches and 2.9 million of canned fruit cocktail moved into export.

In contrast, U.S. exports of *canned pineapple* so far are about 29 percent ahead of those in the same period of 1963-64. Most of the gain has been in shipments to Western Europe, particularly West Germany, and to a much lesser extent, Belgium, the Netherlands, and France. Movement for the balance of the season is expected to continue good. The final tally for 1964-65 will likely be above the 2.1 million cases of 1963-64 and may approach the postwar high of 2.4 million in 1962-63.

Prospects good for dried fruits

Of the U.S. dried fruits, *raisins* and *dried prunes* are the only important export items. Although Western Europe continues to be the leading market area for both of these commodities, Japan recently has emerged as our most important customer for raisins, taking about 20 to 26 percent of total U.S. exports during the past four seasons.

Export prospects for U.S. raisins and dried prunes appear reasonably good for 1964-65, as domestic output of both is well above average. In terms of marketable raisins, the 1964 California pack is larger than that of a year earlier, which though larger in total, included a large percentage of substandard-quality, rain-damaged raisins. Production abroad is moderately above the short pack of 1963 but still well below the bumper 1962 harvest.

Early in the current marketing year, California prices for the new raisin pack, though lower than 1963-64's, were significantly above those of most other world suppliers. A somewhat depressed export movement followed. However, as the season progressed, the foreign price level—particularly in Turkey and Greece—began to advance. By mid-January, the U.S.-foreign price differential had narrowed appreciably to the point where prices for Greek and Turkish raisins closely approximated U.S. levels. Foreign stocks as of January 1 were, in total, well below those of a year earlier.

Australian raisin prices important

If the raisin pack now in progress in Australia—also an important world supplier—is only a moderate one, the present favorable U.S.-foreign price relationship may very well continue into the ensuing months. Under this setting, the United States competitive position in the world market stands to improve considerably. It is entirely conceivable that U.S. exports for the balance of the marketing year can gain sufficient momentum to offset the losses experienced in the forepart of the season, with the net result that the total volume for 1964-65 will at least equal the 56,069 tons exported in 1963-64.

The 1964 dried prune pack in the United States was the largest since 1956, and prices have declined accordingly. Exports for the first 3 months of the current season (September through November) were about 11 percent ahead of the pace of a year earlier, and for the full 1964-65 season, they should register at least a moderate increase. However, the magnitude of export gains is likely to be tempered by the availability of large supplies in other producing areas. Above-average packs are evident in Argentina, Australia, France, Italy, and Yugoslavia.

Fresh citrus exports to rise slightly

Increased Mediterranean supplies of better quality export *oranges* undoubtedly will restrict U.S. winter orange exports to Europe. However, the slightly larger U.S. winter orange crop is expected to result in increased exports to Canada, our most important market. This should more than offset losses elsewhere and possibly result in an increase in 1964-65 exports of winter oranges.

Winter orange shortages in Florida should prompt a continuation of relatively heavy imports from Mexico, Israel, and several minor areas for sale in the fresh market and for processing.

The U.S. *grapefruit* crop is up substantially from last season, and exports should respond most favorably. Despite relatively short crops over the past few years, grapefruit has done reasonably well in the export market.

Total *lemon* exports were expected to decline because of the much shorter U.S. crop for 1964-65, which is currently estimated to be about one-fourth smaller than last season's and well below average. In addition, Spain, now a fairly prominent supplier to the European summer market, is anticipating a larger harvest, and this may lessen U.S. opportunities in Europe this summer.

Minor increase in citrus products

Prospects are for a slightly larger pack of the processed citrus products, and exports are expected to show at least a minor increase, particularly to Canada. U.S. participation in the European market, however, will perhaps continue at about the levels of the past few seasons.

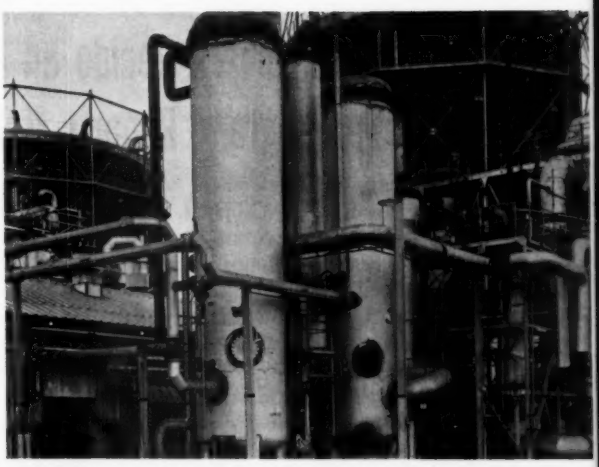
Continued shortages in Florida, the principal processing State, are expected to result in heavy imports of *orange juice*. Nearly all of the imported juice will be used for blending with U.S. juice. As orange production is restored in Florida over the next few years, the volume of orange juice imports is expected to decline.

The Face of India After 15 Years as a Republic

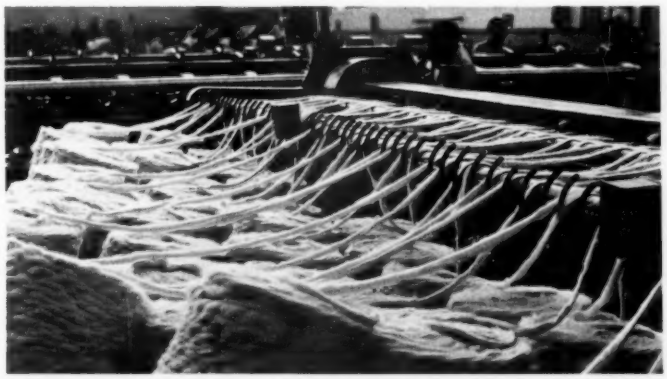
Last month, on January 26, India marked its 15th year as a sovereign republic. (Its independence had come 3 years earlier, in 1947.) In that period much has happened to this vast subcontinent, with its 470 million people. Slowly it has been changing from a purely pastoral land to a nation where both industry and agriculture share in the economy.

Billions of dollars in money, goods, and services have poured into India to help it advance economically. There is hardly an international agency, a foundation, or a leading nation that has not contributed. Among these the United States probably ranks first in the aid that has been supplied.

Particularly important has been the United States Food for Peace Program. Since 1956, over $2.8 billion worth of U.S. surplus foods have been shipped to India, to be paid for in the country's own currency so that scarce foreign reserves could be spent for economic development. Also, at least half of the money accruing from these sales has been loaned back to India.

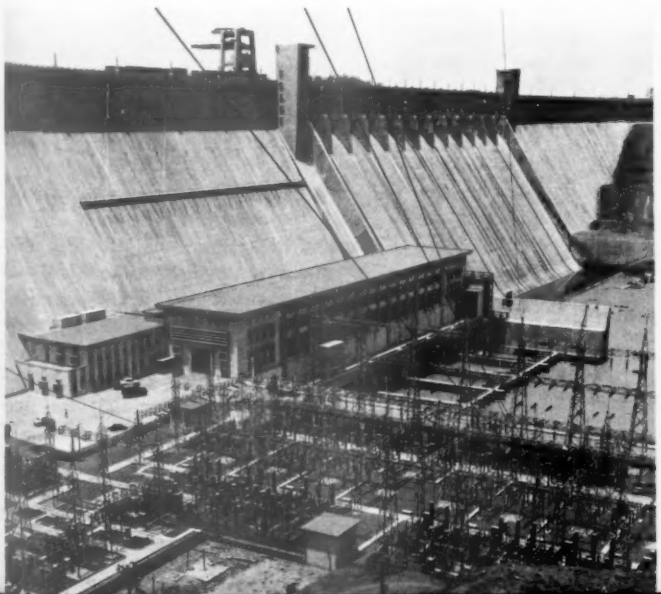


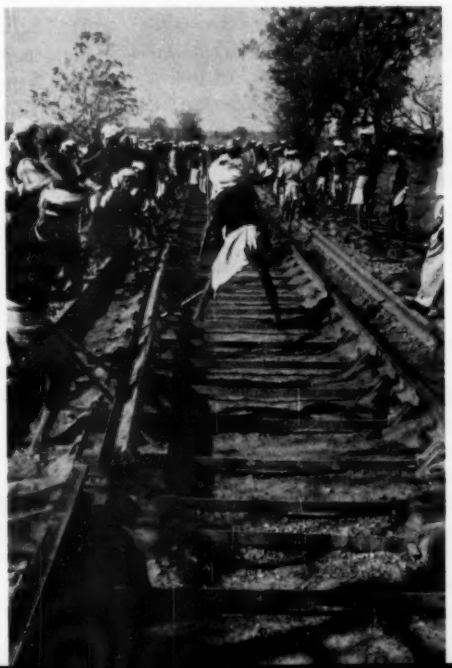
Trombay fertilizer factory, one of India's largest, was built with U.S. aid, part from P.L. 480 funds.



Above, cotton supplied to India under P.L. 480 is spun in textile mill near Delhi. Left, Indian farmers learn to use motor graders.

Below, Rihard Dam in Uttar Pradesh benefited from a P.L. 480 funds loan. Right, workmen, building one of India's new railways.





Philippine Importers Decide on American Brahman For Cattle Program, Reports U.S. Marketing Team

A U.S. market development team just back from the Philippines said American Brahman cattle are the first choice of importing groups that expect to purchase several thousand head in the next 5 years with the aim of upgrading local stock and expanding beef production.

A Philippine buying mission representing the Sugar Development Corporation plans to come to the United States within 4 months to make the selections for the initial shipment of probably around 300 animals.

This report came as a result of a 15-day trip to the Philippines by two officials of the American Brahman Breeders Association, President Locke Paret and Executive Secretary Harry Gayden, and FAS marketing specialist Claude Dobbins.

Their primary objective was to assess the prospects for increased sales of American Brahmans in a country which has long been accustomed to the *Bos indicus* type.

Conferences with university and government officials, cattle ranchers and dealers, and veterinarians gave promise that American Brahmans will in the future be given a bigger share of the Philippine import business.

Registered Brahmans only

The American Brahman team guaranteed that all U.S. sales to the Philippines would be of registered cattle, and with photographs of typical purebred U.S. Brahmans and official test records, convinced Bureau of Animal Industry officials of the good results possible from registered Brahmans.

Also helping promote purebred U.S. Brahman cattle was the endorsement of a Philippine rancher who imported 150 head in 1963 and is pleased with their beef characteristics, heat resistance, and early maturity.

As a result of these efforts U.S. Brahmans are now being recommended by the BAI as the beef breed best suited for crossing with local stock of Indian origin. Though transportation costs make American Brahmans more expensive than the Indian breeds, BAI officials believe that long-run profits will more than offset this price difference.

If its import plans fully materialize, the Philippine Republic—whose yearly purchases of U.S. Brahmans seldom exceed 100 head—might well become the largest single market for this breed, a spot held traditionally by either Mexico or Venezuela.

First purchases

The initial purchase will be made by the privately owned Philippine Sugar Development Corporation, although a BAI veterinarian will make actual selections assisted by the American Brahman Breeders Association.

The Sugar Corporation's expected purchase of about 2,000 head during the next 5 years will be made under a loan from the National Investment Development Corporation, a financial institution of the Philippine Government. As collateral, the Sugar Corporation will pledge the next 5 years' molasses crops on Negros Island, which produces roughly 60 percent of all Philippine sugar. The animals will be sold to the sugar producers at cost, with credit terms of up to 5 years.

The BAI as part of its livestock development plans expects to import several thousand U.S. Brahmans for a 5-year program that will provide for better pastures, improved management practices for livestock, and perhaps extension services to farmers. The program also calls for substantial numbers of imported hogs and dairy cattle—many from the United States.

No tax on cattle imports

Cattle imports will also benefit from the Cattle Dispersion Act passed in 1964 that permits the BAI to import cattle tax free for loan to farmers for breeding purposes. Other legislation exempts basic industries, including the cattle and dairy industries, from special import and compensation taxes. In 1965 the exemption is 100 percent, to be reduced until 1970.

The need for expanded numbers of beef cattle is most acute, according to BAI officials. Millions of cattle and carabao were slaughtered during the Japanese occupation of the Philippines in the early 1940's, and when the war ended, about 200,000 animals remained. Today there are about 4.8 million cattle and carabao in the Philippines, but this barely approximates the prewar figure.

Large red-meat-product imports (23 million lb. in 1962, product weight) have not entirely bridged the gap between the supply and the demand from a population that has nearly doubled in the last 13 years. Certainly, the availabilities fall far short of meeting nutritional requirements.

The American Brahman Breeders Association is planning a followup trip to the Philippines before 1967.

Chilean Team Inspects Herefords in Canada

Chile is considering the purchase of some 800-1,000 head of Canadian Hereford cattle, according to a report from John C. McDonald, Acting U.S. Agricultural Attaché at Ottawa.

A three-member Chilean agricultural delegation has just returned from an inspection trip to Hereford establishments across Canada. The Chileans were reportedly especially interested in Herefords from British Columbia because of the area's similarity to Chile in climate and terrain. Actual purchases would be made on a return trip some time this spring.

Chile recently bought about 1,000 head of cattle from Australia at a reported cost of $80-$120 a head. In the past, most of Chile's livestock imports have come from Argentina.

Cattle to Italy Still Duty Free

Italy has received permission from the Common Market Commission to extend until June 30, 1965, the authorization suspending duties on feeder cattle imported from third countries. The initial authorization was granted on July 16, 1964, and has been extended several times since then.

Since last summer, Italy has imported more than 7,902 head of U.S. feeder cattle and some 8,000 calves.

First Promotion for California Dates in Japan Stresses Baking Uses

The first overseas market development program for California dates is now in full swing in selected Japanese cities where its sponsors, the California date industry, Wheat Associates, and FAS hope to launch full-scale selling through promotion aimed at Japan's confectionery-bakery trade.

Getting top priority in the current project are bakers training seminars —the promotional tool which proved so effective in a raisin bread campaign in Japan several years ago. Walter L. Frey, a top consultant of the California Date Advisory Committee (CDAC), is holding baking seminars in five major Japanese cities through February.

Japanese bakers in the interior will be reached by local demonstrators who are now finishing CDAC date baking courses. This second phase of the project—designed to insure complete coverage of the market—gets underway next month.

For all training, Wheat Associates is to provide equipment, invite bakers and confectioners, arrange press coverage, and prepare recipe booklets.

The project grew out of a market survey last spring by Billy Peightal, manager of the CDAC, who reported the Japanese market ripe for the introduction of U.S. dates, with the greatest immediate sales potential lying in industrial use.

The baking trade, Mr. Peightal found, responded enthusiastically to a display of various date confections at last year's fruit show in the U.S. Trade Center, Tokyo. Followup visits showed that bakers were increasingly eager to capitalize on the Japanese liking for Western-type sweets by selling such items as date-nut bread, date bars, and cookies.

Other sales outlets for dates exist—such as out-of-hand eating—and packaged dates are available at fancy-food sections of Japan's larger department stores and in a few restaurants. However, the CDAC feels that for the time being, commercial baking outlets are sufficient to absorb the U.S. supply available for export.

The current campaign will put major emphasis on demonstrating to Japanese bakers and confectioners some of the superior qualities of California dates. Careful handling and packaging by the U.S. date industry, plus special processing techniques to make dates ready for immediate use, helped update sales to U.S. commercial bakeries and should stimulate selling in Japan also.

Although U.S. exports of dates to Japan are at present only a fraction of those going to markets like West Germany and Canada (1,021 tons and 498 tons respectively in 1963-64), larger sales to Japan are held very possible with adequate promotion. Japan became the United States top raisin export market largely because of intensive promotion of raisins in bread and other baked goods.

U.S. Cheese Exhibited in Major Japanese Cities

The United States was one of eight countries to demonstrate cheese recently at the 7th Annual World Cheese Exhibit at Tokyo. The exhibit—held at the Mitsukoshi department store, one of Japan's largest—attracted some 50,000 persons, has now moved on to other major Japanese cities.

According to Assistant Agricultural Attaché David R. Strobel, the most significant feature of the exhibit was the introduction by the biggest manufacturer of processed cheese in Japan of three types of natural cheeses—Port du Salut, Camembert, and Bel Paese. Although natural cheeses of the Cheddar, Gouda, and Blue types are now being made and marketed in small quantities by Japanese manufacturers, most cheese consumed in Japan is the processed variety made from imported natural cheeses.

The introduction of new types of natural cheese may indicate that the Big Three of the dairy industry in Japan will attempt to broaden consumption to include natural cheese. Many new domestically processed cheese spreads and new packaging were observed at the exhibit.

Although the United States currently exports relatively little cheese to Japan, Japan's growing imports and the competitive price of U.S. cheese are seen giving new cause for optimism to U.S. producers. In 1964, Japan imported $5.2 million of natural cheese; leading suppliers were Australia (2,342 metric tons) and Norway (2,217).

U. S. cheese exhibit

Venezuela Reduces Import Duties on Beans, Peas

The Government of Venezuela reduced the import duty on dry edible beans and peas from Bs0.30 per kilogram to Bs0.15 per kilogram. The new duty, effective January 22, 1965, is equivalent to approximately US$1.50 per hundredweight. Imports continue to be subject to import licensing, however, and invoices certified on or before January 22 are not eligible for the duty reduction.

This reduction of duty should favor bean and pea imports by Venezuela—currently the largest market in Latin America for U.S. peas and one of the largest for U.S. beans. In 1963 (latest year of available data) the U.S. supplied 88 percent of Venezuela's total imports of beans, and Costa Rica, 9 percent. The United States supplied 99.7 percent of the peas.

Japan May Purchase Rice From Communist China

Japan's Minister of Agriculture and Forestry announced to the press on January 25 that Japan is considering buying rice from Communist China. Estimates of the volume to be purchased range from 50,000 to 200,000 metric tons.

It is possible, therefore, that supplies of short-grain rice in other exporting countries may not be adequate to meet Japan's import needs. The Food Agency budget for rice purchases abroad from October 1964 through March 1965 was tentatively set at 330,000 metric tons. However, import needs may be higher, perhaps 400,000 tons or more.

Potential sources for rice imports include Taiwan, the United States, South Korea, Spain, and Communist China.

Purchases of short-grain rice thus far during the second half of the fiscal year 1964 (October-March) follow.

Source	Total quantity	Period of shipment
	Metric tons	
Taiwan	150,000	November 1964-January 1965, 75,000; March-May 1965, 75,000.
United States, California (Calrose).	78,000	January-March 1965, 54,000; February-March 1965, 24,000.
Korea, Rep. of	14,000	November-December 1964.
Total	242,000	

Brazil Expects Record 1965 Bean Harvest

The 1965 bean harvest in Brazil is expected to reach 2.3 million metric tons, or 50 million (100 lb.) bags. This would be 44 percent larger than the 1.6 million tons harvested last year and more than 50 percent above the average annual output of 1.5 million tons in 1955-59.

If expectations materialize, this will set a new high record for Brazil—the world's leading bean producer with a production 2½ times larger than that of the United States.

The expectations are based on an official forecast of production in the central and southern regions, where 68 percent of the total Brazilian crop was produced last year. It assumes usual production in the northern region, where 32 percent was produced.

Bean planting normally begins in September and ends in December in the central and southern regions, which include the large producing States of Paraná, São Paulo, Rio Grande do Sul, and others. Planting begins in November and ends in December in the northern States of Maranhão, Amazonas, and the region nearby. It begins in February and ends in March in the northeast region near the States of Ceara and Rio Grande do Norte. Normally the Brazilian bean harvest begins in March and ends in July.

The large forecast undoubtedly reflects efforts by the Brazilian Ministry of Agriculture to increase production of this staple food item, output of which has been lagging behind the increase in population. In December the Ministry increased the suport price on beans to $4.08 per hundredweight from a previous support announced only 4 months earlier of $3.91 (*Foreign Agriculture*, February 1, 1964).

The Ministry contemplates no exportable surplus from this crop. Brazil has exported and imported small quantities of beans in some previous years, but the country usually is considered a nontrader of beans internationally.

Switzerland's Rice Imports Decline

Switzerland's imports of rice in January-October 1964 totaled 14,738 metric tons, down 7,820 tons from the same months in 1963.

Purchases from the United States, principally in the form of milled rice, rose to 61 percent of total rice imports. On the other hand, imports from Italy dropped to 3,747 tons from 16,093 in the same 1963 period. Italy supplied 25 percent of the total with semimilled rice as the major type.

SWITZERLAND'S RICE IMPORTS

Country of origin	Average 1956-60	1963	January-October 1963	January-October 1964
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Italy:				
Semimilled	17,272	21,300	15,136	3,280
Milled	3,628	1,269	957	467
Total	20,900	22,569	16,093	3,747
Netherlands, milled	663	376	269	141
United States:				
Semimilled	458	1,908	1,705	3,831
Milled	1,590	3,858	3,394	5,223
Total	2,048	5,766	5,099	9,054
Other countries	1,850	1,215	[1]1,097	[1]1,796
Total	25,461	29,926	22,558	14,738

[1] Includes small amount of broken.

Compiled from *Statistique Mensuelle du Commerce Exterieur.*

U.S. Imports of Meat Products Down in 1964

U.S. imports of nearly all livestock and meat product items in November and in the first 11 months of 1964 were below the levels of the previous year.

Beef and veal imports continued small, as strong European demand attracted the majority of export surpluses from traditional exporting countries.

Imports of pork were at approximately the same level as last year, while those of mutton and lamb were well below the 1963 levels.

There was slightly more wool imported in November 1964 than in the same month a year earlier, but cumulative imports continued to trail the previous year's by a substantial margin. High wool prices during the early part of 1964 led to sharply reduced buying in primary markets and to inceased use of manmade substitutes by domestic mills.

Imports of live cattle in January-November were down from the previous year. Shipments from Canada were down, and in fact, that country bought large numbers of animals from the United States around mid-year, when prices here fell below the Canadian level. These lower prices also resulted in smaller imports of feeder cattle from Mexico.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS[1]

Commodity	November		January-November	
	1963	1964	1963	1964
Red meats:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beef and veal:				
Fresh & frozen, bone-in	2,356	1,738	18,820	16,008
Fresh & frozen, boneless	72,603	50,792	863,328	622,234
Canned, incl. corned	9,372	4,173	102,763	72,188
Pickled and cured	51	8	588	292
Beef sausage	282	401	1,304	4,676
Other beef	1,137	532	21,554	10,056
Veal, fresh & frozen	3,998	1,227	23,497	15,746
Total beef & veal	89,799	58,871	1,031,854	741,200
Pork:				
Canned hams and shoulders	10,645	10,796	127,374	126,695
Other pork	5,586	6,056	64,499	63,289
Total pork	16,231	16,852	191,873	189,984
Mutton and goat	1,686	1,969	56,633	32,565
Lamb	1,352	341	17,620	9,686
Other sausage	466	536	1,462	3,974
Total red meat	109,534	78,569	1,299,442	977,409
Variety meats	723	282	4,162	1,524
Wool (clean basis):				
Dutiable	6,290	9,713	98,770	86,410
Duty-free	6,857	6,225	153,207	101,359
Total wool	13,147	15,938	251,977	187,769
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and skins:				
Cattle	20	19	344	298
Calf	56	90	810	820
Kip	127	84	974	1,002
Buffalo	50	21	548	393
Sheep and lamb	781	990	24,949	28,433
Goat and kid	1,000	570	13,624	11,957
Horse	31	29	399	342
Pig	67	300	861	1,614
	Number	*Number*	*Number*	*Number*
Live cattle[2]	99,888	75,493	749,442	457,861

[1] Owing to changes in the tariff schedule, statistics for 1963 and 1964 are not completely comparable. [2] Includes cattle for breeding.

U.S. Department of Commerce, Bureau of the Census.

Argentine Beef Exports Decline

Argentine exports of chilled and frozen beef during 1964 were reported at 418,000 metric tons (actual weight) by the Argentine Meat Board. They were down 21 percent from 1963 but still higher than in any other year since 1939, despite a considerably greater decline in slaughter and beef production. Shipments held up rather well because of strong demand in Continental Europe and a decline in domestic consumption.

The beef export market became more diversified in 1964 with larger shipments, mainly frozen beef, to Italy, West Germany, and France. The proportion of shipments to the United Kingdom continued to decline and accounted for 34 percent of the total compared with 70 percent in 1960.

U.K. Lard Imports Climb

U.K. lard imports through November were up 20 percent from the previous year. The United States was by far the largest supplier with about 90 percent of the market. Practically all other traditional suppliers accounted for less than in the previous year with the exception of Belgium. Poland shipped no lard to the United Kingdom during January-November 1964, compared with more than 3 million in the same period of 1963.

U.K. LARD IMPORTS

Country of origin	Jan.-Nov. 1963		Jan.-Nov. 1964	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	396,895	85.4	499,199	89.6
France	21,153	4.6	14,850	2.7
Belgium	9,849	2.1	13,674	2.5
Denmark	14,320	3.1	11,056	2.0
Germany, West	10,103	2.2	9,805	1.8
Netherlands	4,150	.9	4,175	.7
Sweden	4,102	.8	3,449	.6
Ireland	396	.1	802	.1
Poland	3,360	.7	---	---
Others	330	.1	210	---
Total	464,658	100.0	557,220	100.0

Henry A. Lane & Co., Ltd.

Australian Meat Shipments to the United States

Three ships left Australia during January with 6,388,480 pounds of beef, 389,760 pounds of mutton, and 212,800 pounds of lamb for the United States.

Ship and sailing date	Destination[1]	Arrival date	Cargo	Quantity
	Eastern ports			*Pounds*
Cap Norte, Jan. 11	Charleston	Feb. 3	Beef	425,600
	Norfolk	7	Beef	154,560
	Philadelphia	9	Beef	427,840
			Lamb	78,400
	New York	11	Beef	1,538,880
			Mutton	67,200
	Boston	16	Beef	459,200
			Mutton	33,600
American Star, Jan. 15	Charleston	7	Beef	425,600
			Mutton	44,800
	Norfolk	9	Beef	405,440
			Mutton	156,800
	Philadelphia	11	Beef	414,400
			Mutton	53,760
	New York	13	Beef	1,740,480
			Mutton	33,600
			Lamb	134,400
	Boston	17	Beef	194,880
	Western port			
Monterey, Jan. 14	San Francisco	(2)	Beef	201,600

[1] Cities listed indicate location of purchaser and usually port of arrival and destination area, but meat may be diverted to other areas for sale. [2] Arrival date not known.

Australian Meat Board.

Tung Oil Shipments From Buenos Aires

Exports of tung oil from Buenos Aires during August-December 1964 totaled 9,848 short tons, 21 percent below those in the same 1963 period. The reduction reflects smaller outturns in both Argentina and Paraguay.

Shipments from Argentina, accounting for nearly four-

fifths of the total, were 6 percent below those in August-December 1963 while shipments from Paraguay were down by about one-half.

Despite the substantial decline in total cumulative shipments in the 1964 period, those destined for the United States, at 6,609 tons, were up by nearly two-thirds from the same 1963 period. This increase reflected heavy shipments from Argentina made largely in November and December.

These larger exports to the United States reflect the change in the tung price structure. In recent months, prices for South American tung oil were sufficiently below the U.S. support level of 24 cents per pound so that the CCC acquired stocks of domestic oil, which as of December 31, 1964, totaled 15 million pounds.

Also contributing to the gain were the efforts of exporters to deliver and unload tung oil in New York before the dock strike, which began in mid-December.

The bulk of the shipments to other countries from Buenos Aires moved to European markets with a smaller volume to Japan. Buenos Aires has been the major world source of tung oil since 1961, significantly outranking Mainland China, which during the 1955-59 period supplied more than two-thirds of the world's tung oil exports.

TUNG OIL SHIPMENTS FROM BUENOS AIRES[1]

Origin and destination	November[2]	December[2]		August-December[2]	
	1964	1963	1964	1963	1964
	Short tons	*Short tons*	*Short tons*	*Short tons*	*Short tons*
Argentina:					
To U.S.	1,554	423	1,979	1,783	4,785
To other countries	591	1,217	670	6,498	3,026
Total	2,145	1,640	2,649	8,281	7,811
Paraguay:					
To U.S.	743	472	355	2,241	1,824
To other countries	12	209	189	1,893	213
Total	755	681	544	4,134	2,037
Total:					
To U.S.	2,297	895	2,334	4,024	6,609
To other countries	603	1,426	859	8,391	3,239
Grand total	2,900	2,321	3,193	12,415	9,848

[1] Presumed to represent virtually all of the tung oil exported from Argentina and Paraguay. [2] Preliminary.

Compiled from shipments data, *Boletín Maritimo*, Buenos Aires.

Spain Suspends Import Duties on Soybeans

According to decree No. 4212/1964 published in the Spanish Official Bulletin of State on January 5, 1965, duties have been suspended on tariff item 12.01-B-3 (soybeans for crushing) for a period of 3 months from the date published.

Japan's Imports of Chinese Soybeans To Increase

It appears possible that in calendar year 1965 Japanese imports of soybeans from Communist China (including 280,000 tons under the Liao-Takasaki arrangement) will reach 350,000 to 400,000 metric tons (12.9 mil. to 14.7 mil. bu.), compared with 283,661 tons (10.4 mil bu.) in 1964. Communist China's soybean production in 1964 is estimated at 315 million bushels, an increase of 10 percent from 1963.

Apparently the Japanese "friendly firm" negotiations, which were consummated at the Canton Fair in October 1964, provided for larger shipments of soybeans than was publicly reported. Instead of the 20,000 tons (700,000 bu.) reported in *Foreign Agriculture* December 14, the quantity agreed to is now indicated by reliable trade sources as 40,000 to 50,000 tons (1.5 mil. to 1.8 mil. bu.) for shipment during December 1964 and January-May 1965. Prices negotiated at that time were as follows (f.o.b., converted from pounds sterling per metric ton):

Period of shipment	*U.S. dollars per bushel*
December 1964 - January 1965	2.82
February - March 1965	2.83
April - May 1965	2.84

Prices of U.S. soybeans, f.o.b. Chicago, rose recently to more than $3 per bushel following the purchase in late January of over 3 million bushels by the USSR.

It is expected that arrangements will be made at the Canton Fair in April of this year for an additional similar quantity—40,000 to 50,000 tons for shipment during the balance of calendar 1965. This would bring the prospective total of 80,000 to 100,000 tons (2.9 mil. to 3.7 mil. bu.) under the friendly-firms arrangement for the 13-month period December 1, 1964, to December 31, 1965.

JAPAN'S SOYBEAN IMPORTS

Country of origin	Average 1955-59	1961	1962	1963[1]	1964[1]
	Mil. bu.	*Mil. bu.*	*Mil. bu.*	*Mil. bu.*	*Mil. bu.*
United States	25.3	40.5	41.4	48.3	48.6
Brazil	.7	.1	.1	---	---
China, Mainland	4.8	1.6	6.1	8.3	10.4
Others	.3	.4	---	.1	---
Total[2]	31.1	42.6	47.5	56.7	59.0

[1] Preliminary. [2] Totals computed from unrounded numbers. Compiled from official sources.

Japan's soybean imports in 1964 totaled 1.6 million tons (59.0 mil. bu.), of which 82 percent was U.S. beans and virtually all of the remainder, Chinese.

The demand for soybean oil and meal in Japan continues to increase, although the direct use of soybeans as food remains relatively stable. While imports from Communist China in 1965 are expected to increase, the extent to which the United States will participate in supplying the increased demand cannot yet be accurately evaluated.

Among considerations of recent weeks that have favored the importation of Chinese soybeans are trade complaints that U.S. shipments of 1964-crop beans so far have been less desirable than the 1963 crop because of higher moisture content, lower oil yields, and increased quantities of foreign material, including morning-glory seed. On the other hand, there are fewer broken beans, and the color of 1964-crop beans is better than that of 1963.

Under ordinary conditions, most Japanese importers and users prefer the pricing and shipping arrangements relating to purchasing U.S. beans.

Argentine Sunflowerseed and Peanut Area Increases

According to the first official estimate, Argentina—a major sunflowerseed oil producer—has increased its sown area of sunflowerseed 23 percent to 2,634,100 acres from 2,137,400 in 1963-64. This is the largest acreage since 1961-62 and exceeds the 1954-55/1958-59 average by 15 percent. The increased acreage reflects increased prices for sunflowerseed.

Peanut plantings are officially estimated at 895,000

acres, slightly above the 893,300 acres planted a year ago.

In the period January-October 1964 Argentina exported 51,815 short tons of peanut oil compared with 50,352 in the same period of 1963. There were no Argentine exports of sunflowerseed oil in the first 10 months of 1964 as against 3,770 tons in January-October 1963.

Flue-cured Exports by Rhodesia, Zambia, Malawi

Exports of flue-cured tobacco from the three new countries, Rhodesia, Zambia, and Malawi (formerly the Federation of the Rhodesias and Nyasaland) in 1964 totaled a record 223 million pounds—up 23 percent from 1963. The average export value per pound was equivalent to 49 U.S. cents in 1964, compared with 63 cents in 1963. Larger exports in 1964 to practically all of the major markets pushed the total to a record high.

The United Kingdom, as usual, was the largest purchaser of flue-cured from these countries, taking 101 million pounds, compared with 92.8 million in 1963. West Germany, which took 33.1 million, ranked second, with purchases about 10 million pounds above those in the previous year. The Netherlands increased its takings from 9.8 million in 1963 to 15.7 million last year, while Japan's rose from 5.7 million to 9.2 million. Other big markets last year were Australia 7.4 million, Malaysia 6.4 million, Belgium 6.2 million, the Republic of South Africa 3.9 million, Hong Kong 3.7 million, Denmark 3.5 million, and the USSR nearly 3 million.

Average export prices in 1964 for principal markets, in terms of U.S. equivalents per pound, were as follows: the United Kingdom 58.2 cents, West Germany 45.3, the Netherlands 33.1, Japan 46.5, Australia 46.2, Malaysia 46.6, Belgium 36.8, the Republic of South Africa 45.8, Hong Kong 34.4, Denmark 38.2, and the USSR 24.5.

FLUE-CURED TOBACCO EXPORTS FROM RHODESIA, ZAMBIA, AND MALAWI

Destination	1962	1963	1964[1]	Av. 1964 export price
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*U.S. cents per pound*
United Kingdom	80,766	92,419	101,039	58.2
Germany, West	25,553	23,130	33,110	45.3
Netherlands	12,250	9,843	15,663	33.1
Japan	6,524	5,748	9,197	46.5
Australia	4,129	3,667	7,444	46.2
Malaysia[2]	6,505	6,663	6,410	46.6
Belgium	7,237	3,121	6,206	36.8
South Africa, Rep. of	3,199	3,217	3,864	45.8
Hong Kong	6,409	7,454	3,685	34.4
Denmark	3,019	2,099	3,539	38.2
USSR	2,945	---	2,945	24.5
Switzerland	1,443	892	1,986	37.6
Egypt	570	---	1,710	41.6
France	1,447	3,358	1,488	64.1
Italy	10,499	3,654	1,465	45.5
Austria	2,607	1,776	1,431	44.5
Others	14,734	14,298	21,916	---
Total	189,836	181,339	223,098	49.1

[1] Preliminary. [2] Includes Singapore and Federation of Malaya.

India's Flue-cured Exports Hit New High

India's exports of flue-cured tobacco during the first 10 months of 1964 reached a record 125.6 million pounds, 4.6 million above the previous high set in 1962. The average export value of India's exports in January-October 1964 was equivalent to 32.4 U.S. cents per pound.

Soviet Bloc countries took a very high percentage of Indian flue-cured in the 1964 period. Exports to the USSR totaled 63 million pounds, (at an average of 23.2 cents), to Czechoslovakia 562,000 (35.9), to Hungary 2.3 million (12.6), and to East Germany 3.8 million (32.1). Combined flue-cured exports to these four countries were 69.6 million pounds, or 55 percent of total shipments.

Other major markets for Indian flue-cured included the United Kingdom 33.3 million pounds (at 55.5 cents), Japan 7.8 million (31.7), Belgium 2.4 million (20.6), and Yugoslavia 4.3 million (21.1).

India's exports of all kinds of unmanufactured tobacco during January-October 1964 totaled 142.6 million pounds, compared with 141.8 million in the similar 1963 period.

Canned Fruit and Juice Prices in London

Selling prices in London (landed, duty paid) of selected canned fruits and juices are given in the following table:

Type and quality	Size of can	Price per dozen units: January 1964	October 1964	January 1965	Origin
CANNED FRUIT		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricots:					
Whole, unpeeled, Choice	303	2.54	2.38	2.41	U.S.
Halves:					
Fancy	2½	3.15	3.26	3.13	S. Africa
Choice	303	2.54	2.38	2.41	S. Africa
Do	2½	3.26	3.26	3.34	Australia
Do	303	(1)	2.80	2.85	U.S.
In syrup	15 oz.	1.50	1.58	1.58	Spain
Peaches, halves:					
Fancy	2½	3.08	3.22	3.27	S. Africa
Do	2½	3.46	3.46	3.41	Australia
Choice	2½	3.64	3.64	3.68	U.S.
Do	2½	3.26	3.26	3.34	Australia
Do	2½	2.94	3.08	3.01	S. Africa
Do	303	2.45	2.43	2.47	U.S.
Pears, halves:					
Fancy	2½	3.36	3.50	3.48	S. Africa
Do	2½	3.68	3.57	3.55	Australia
Choice	2½	(1)	4.60	4.60	U.S.
Do	2½	3.22	3.36	3.22	S. Africa
Do	2½	3.46	3.40	3.34	Australia
In syrup	15 oz.	2.17	2.06	2.06	Italy
Fruit cocktail:					
Choice	303	2.68	2.59	2.46	U.S.
Do	15 oz.	2.00	2.00	2.00	Spain
Do	8 oz.	1.54	1.49	1.48	U.S.
Grapefruit sections:					
Fancy	303	2.80	(1)	2.61	U.S.
No. 2	20 oz.	2.73	2.62	2.62	Israel
Quality not specified	20 oz.	2.66	2.29	2.10	W. Indies
Pineapple slices:					
Fancy	2½	(1)	3.22	3.23	Taiwan
Standard	16 oz.	(1)	1.72	1.72	Malaya
Standard, spiral	20 oz.	1.58	1.92	1.92	Malaya
CANNED JUICE					
Single strength:					
Orange	19 oz.	1.94	1.96	1.96	Israel
Do	2	1.75	2.00	2.03	W. Indies
Grapefruit	10 oz.	1.78	1.91	2.00	Israel
Do	2	1.82	1.86	1.94	W. Indies

[1] Not quoted.

Italy's Fig Production Down

Output of dried figs during 1964-65 in the three commercial producing regions of Italy—Puglia, Calabria, and Campania—is estimated at 30,300 short tons. This is 4,000 tons, or 12 percent, below the 1963-64 pack.

Total output of fresh figs showed a similar decline, to 302,700 short tons from the 1963-64 level of 314,400. Of

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the 1964-65 total, 111,400 tons were used for drying against 123,700 in the previous year. Puglia was the only region where output rose.

Underlying reason for the reduction is the shift of land normally used for fig production to more profitable crops. Area planted entirely to figs within the regions decreased 5,000 acres from the 1963-64 level, while mixed plantings of figs dropped 32,000 acres.

ITALY'S FIG PRODUCTION AND AREA

Region	Area				Dried fig production	
	Solid-planted		Mixed			
	1963[1]	1964[2]	1963[1]	1964[2]	1963[1]	1964[2]
	1,000 acres	*1,000 acres*	*1,000 acres*	*1,000 acres*	*Short tons*	*Short tons*
Puglia	29	27	101	97	14,900	15,700
Calabria	15	12	111	101	12,900	8,200
Campania	5	5	218	200	6,500	6,400
Total	49	44	430	398	34,300	30,300

[1] Revised. [2] Preliminary.

Exports of dried figs in 1964-65 are expected to total 3,300 tons—up 14 percent from those of 1963-64 and 3 percent from those of 1962-63. During 1964 Austria imported 47 percent of Italy's dried figs, thereby being Italy's most important fig purchaser. French imports during the same period decreased 43 percent, while exports to the United States remained almost the same.

Italian imports of dried figs are continuing to rise. Imports, at 1,900 tons, are forecast for 1964-65—an increase of 800 short tons over 1963-64 and 1,300 over 1962-63.

ITALY'S SUPPLY AND DISTRIBUTION OF DRIED FIGS

Item	Final 1962-63	Revised 1963-64	Forecast[1] 1964-65
	Short tons	*Short tons*	*Short tons*
SUPPLY			
Production of dried figs	40,300	42,200	37,300
Stocks, Sept. 1	600	500	500
Imports, Sept. 1-Aug. 31	600	1,100	1,900
Total supply	41,500	43,800	39,700
DISTRIBUTION			
Exports, Sept. 1-Aug. 31	3,200	2,900	3,300
Domestic disappearance	37,800	40,400	35,900
Stocks, Aug. 31	500	500	500
Total distribution	41,500	43,800	39,700

[1] All figures besides beginning stocks and production are forecasts.

ITALY'S EXPORTS OF DRIED FIGS
(Years ending August 31)

Country of destination	1962-63	1963-64
	Short tons	*Short tons*
Austria	751	1,354
France	1,574	897
United States	262	261
Others	583	361
Total	3,170	2,873

Average 1964 wholesale prices for dried figs on the Bari market (except December) were higher than those for calendar 1963.

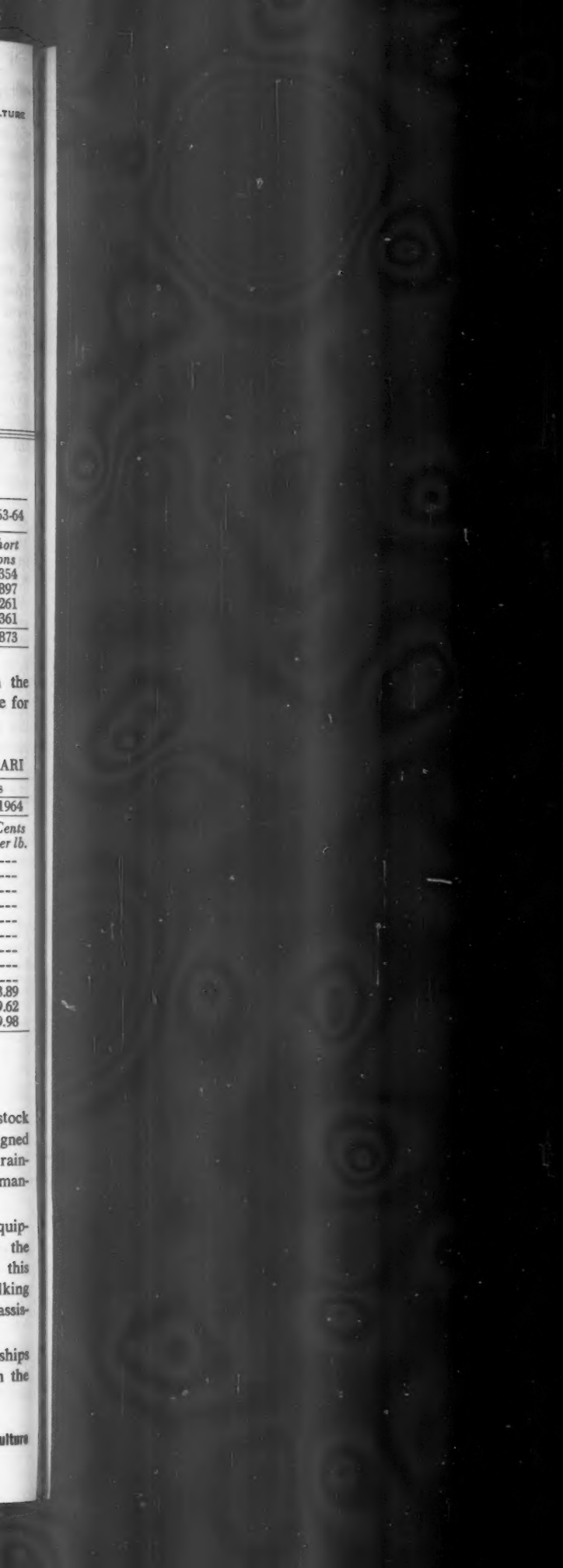
ITALY'S WHOLESALE PRICES OF DRIED FIGS AT BARI

Month[1]	Industrial figs		Edible figs	
	1963	1964	1963	1964
	Cents per lb.	*Cents per lb.*	*Cents per lb.*	*Cents per lb.*
January	3.45	4.88	6.82	---
February	3.59	5.55	---	---
March	3.67	5.88	---	---
April	3.81	6.42	---	---
May	3.81	---	---	---
June	3.96	---	---	---
July	3.96	---	---	---
August	3.96	---	---	---
September	---	3.81	---	---
October	3.19	4.17	7.44	8.89
November	4.39	4.64	8.16	9.62
December	4.59	4.39	9.62	9.98

[1] First Tuesday of month.

Ecuador To Have Dairy Training Center

The Ecuadoran Minister of Agriculture and Livestock and the Ambassador of the Netherlands recently signed a technical assistance agreement to establish a dairy training center for applied instruction and research on management and production practices.

Under this agreement, Ecuador will furnish land, equipment, office facilities, and field personnel, besides the expenses required for the continuous operation of this center. The Netherlands agreed to donate modern milking equipment and dairy buildings and to give technical assistance for a period of 5 years.

In addition, the government will provide scholarships for study and practical training at scientific centers in the Netherlands, also for a 5-year period.